

Contractual Assistance Procurement Methods

- ✓ Set-aside awards
- ✓ Sole source awards
- ✓ Awards through full and open competition using the price preference mechanism provided for HUBZone SBC
- ✓ Subcontracting



Size Standard Issues

13 CFR §126.203

✓ At time of application:

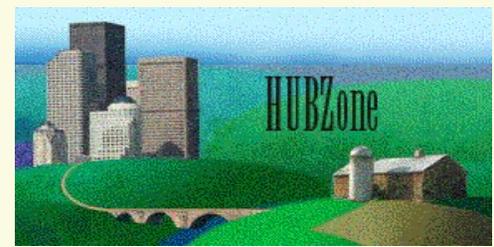
- Must meet SBA's size standard for its primary industry classification (the newly-adopted NAICS)

✓ At time of contract offer:

- Must be small within the size standard corresponding to the NAICS code assigned to the contract



HUBZone Contracting Requirements 13 CFR §126.601



- ✓ Firm must certify to the contracting officer:
 - it is a qualified HUBZone firm
 - (can verify by reviewing SBA's *PRO-Net* listing or by using the new Contracting Officer's HUBZone Gateway)
 - no material changes in firm that would affect eligibility

Additional Requirements During Contract Performance 13 CFR §126.602

HUBZone SBC must attempt to maintain the required percentage of employees who reside in the HUBZone

- Attempt to maintain means making substantive and documented efforts to maintain the percentage
 - **(SBA is responsible for enforcement)**



HUBZone Set-Aside Procedures

13 CFR §126.607-608

- ✓ HUBZone set-asides considered before HUBZone sole-source or small business set-asides
- ✓ Contracting Officer (CO) *may* set-aside acquisitions exceeding the Micro Purchase (\$2,500) and below the Simplified Acquisition Threshold (\$100K)



19.1305(a) HUBZone Set-Aside Procedures



- ✓ First paragraph, first sentence:
 - A participating contracting officer **shall** set aside acquisitions exceeding the Simplified Acquisition Threshold for competition restricted to HUBZone small business concerns...
 - HUBZone set-asides shall be considered before HUBZone sole-source awards or small business set-asides

19.1305 HUBZone Set-Aside Procedures



- ✓ CO *may* set-aside acquisitions exceeding the Micro Purchase Threshold (\$2,500) and below the Simplified Acquisition Threshold (\$100K)
- ✓ SBA can appeal of CO decision not to set-aside a requirement over \$100K:
 - PCR launches process

HUBZone sole source awards 13 CFR §126.612



- ✓ Anticipated award price, including options will not exceed:
 - \$5 million - manufacturing
 - \$3 million - all other NAICS Codes
- ✓ Two or more qualified HUBZone firms are not likely to submit offers
- ✓ A HUBZone SBC is a responsible contractor to perform the proposed contract

19.1306 -- HUBZone

Sole Source Awards

- ✓ Only one HUBZone SB available
- ✓ Requirement **not currently** being performed by a non-HUBZone SB
- ✓ HUBZone SBC must be a responsible contractor - price must be fair/reasonable
- ✓ Anticipated price of contract (including options) is less than:
 - \$5 M - manufacturing, or
 - \$3M - all other industries



Full and Open Competition

Price Evaluation Preference 13 CFR §126.613

- ✓ A HUBZone firm can displace the apparent low offeror (other than another small business) if its price is not more than 10% higher than the otherwise lowest, responsive and responsible offeror [factor applied to ‘base offer’].



Price Evaluation Preference

Offeror A (HUB): Offer
\$200K

Offeror B (SB): \$198K

Offeror C (Lge): \$193K _____

WHO IS THE APPARENT SUCCESSFUL
OFFEROR?

Price Evaluation Preference

| | <u>Offer</u> | <u>PEP</u> |
|-------------------------|--------------|---------------|
| Offeror A (HUB): | \$200K | \$200K |
| Offeror B (SB): | \$198K | |
| Offeror C (Lge): | \$193K | \$212.3 |

WHO IS THE APPARENT SUCCESSFUL OFFEROR? **Offeror A, the HUBZone SBC**

19.1307 Price Evaluation

Preference for HUBZone SBCs

- ✓ Full and open competition
- ✓ Not used when:
 - acquisitions less than or equal to the SAT
 - Price is not a selection factor
 - All fair/reasonable prices are accepted (multiple award schedule contracts)



19.1307 Price Evaluation Preference (cont'd)

✓ 10% factor applied to all offers except offers from:

- HUBZone small businesses
- Small Businesses
- Offers under Trade Agreements and international trade MOUs

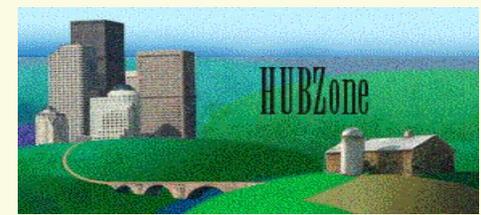


19.1307 Price Evaluation Preference (cont'd)

- ✓ Preference shall be applied to the **base offer**:
 - on a line item basis or
 - any group of items on which award may be made



Subcontracting Requirements



- ✓ There is no specified HUBZone goal for subcontracting, however...
- ✓ For most large contracts (over \$500,000 or \$1 million construction), large business contractors must create a subcontracting plan reflecting HUBZone firm participation
- ✓ Factors into the firm's 'Past Performance' analysis on future contracting actions

Contracts Not Available for HUBZone set-aside 13 CFR §126.605

- * Federal Prison Industries (FPI)
- * Javits-Wagner-O'Day Act (JWOD)
- * Current 8(a) requirements
- * Micro Purchase requirements - dollar value
at or below \$2,500...and
others covered under FAR



19.1304 -- Exclusions

- ✓ In addition to the SBA Rule the following are excluded from HUBZone consideration
 - orders under existing indefinite delivery contracts
 - orders against Federal Supply schedules
 - requirements for commissary or exchange resale items



Contract Decision

HUBZone -- 8(a)

- ✓ SBA's interpretation of the Small Business Act provides for parity between the HUBZone and 8(a) programs, with the CO using his/her best discretion for conditions.
 - Documented in an Aug. 17, 2001 letter from SBA's Acting General Counsel to Senator Bond .
 - SBA plans to amend its regulations to clarify this policy.



SBA Right to Appeal Non-HUBZone set-aside (>\$100K) 13 CFR §126.610

- ✓ CO must notify cognizant PCR of HUB's concern
- ✓ SBA must notify CO of appeal within 5 business days of decision not to set-aside
- ✓ CO must suspend action on procurement until Head of Contracting Agency decision issued
 - unless urgent and compelling circumstances
- ✓ SBA must file appeal to HCA within 15 business days of notification to CO
- ✓ Decision - by the HCA

